

Introduced by Senator Alquist

December 8, 2010

An act to add Section 1349.5 to the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 42, as introduced, Alquist. Health care service plans: shared savings agreements.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act), provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law requires a contract between a plan and a risk-bearing organization, as defined, to include certain provisions concerning the administrative and financial capacity of the risk-bearing organization, including a requirement that the organization file quarterly and annual financial surveys with the department.

This bill would require a person that enters into a shared savings agreement, or other risk or risk-sharing arrangement, related to the provision of health care services to file the shared savings agreement, or the agreement that forms the basis of the risk or risk-sharing arrangement, and any other documents deemed appropriate by the department, with the department for review to determine if the person is subject to the Knox-Keene Act.

Because a willful violation of this requirement would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1349.5 is added to the Health and Safety
2 Code, to read:

3 1349.5. (a) A person that enters into a shared savings
4 agreement, or other risk or risk-sharing arrangement, related to
5 the provision of health care services shall file the shared savings
6 agreement, or the agreement that forms the basis of the risk or
7 risk-sharing arrangement, and any other documents deemed
8 appropriate by the department, with the department for review to
9 determine if the person is subject to the requirements of this
10 chapter.

11 (b) For purposes of this section, “a person that enters into a
12 shared savings agreement, or other risk or risk-sharing arrangement,
13 related to the provision of health care services” includes, but is
14 not limited to, an accountable care organization that enters into a
15 shared savings agreement, or other risk or risk-sharing arrangement,
16 with the United States Secretary of Health and Human Services
17 pursuant to Section 1899 of Title XVIII of the federal Social
18 Security Act (42 U.S.C. Sec. 1395jjj).

19 SEC. 2. No reimbursement is required by this act pursuant to
20 Section 6 of Article XIII B of the California Constitution because
21 the only costs that may be incurred by a local agency or school
22 district will be incurred because this act creates a new crime or
23 infraction, eliminates a crime or infraction, or changes the penalty
24 for a crime or infraction, within the meaning of Section 17556 of
25 the Government Code, or changes the definition of a crime within
26 the meaning of Section 6 of Article XIII B of the California
27 Constitution.